

# Minutes of Wasatch Mountain Railway

October 30, 1971

Minutes of a special meeting of the Board of Directors of the Wasatch Mountain Railway and Development Co., held Saturday, October 30, 1971 in Heber City, Utah at 1:00 P.M. Those board members present were: Del Wallengren, Donald M. Hoggan, Gordon Mendenhall, J. R. Edwards, Wesley R. Budd, Dr. J. D. Boggess and Lowe Ashton. Others present were: James G. Berry, C. H. Nielson, Edward McLaughlin and Dennis Spendlove. Lowe Ashton acted as Chairman of the meeting.

Prior to the meeting each board member was sent a newsletter which covered the main points of concern to the company as well as giving information as to the past operating season. The Chairman stated that the first purpose of the meeting was to discuss the three leases which the State had sent to the Wasatch Mountain Railway Co. The first lease which covers the right of way from Heber City to Wallburg is the most favorable of the three. This lease is in effect for a 25 year period for \$2777.00 per year. The second lease which goes from Wallburg to Vivian Park, is in effect for a 4 year period and can automatically be renewed each year on a year-to-year basis, with the stipulation that if either party wants to terminate only 60 days notice is required. The amount is \$4160.00 per year. The third lease which covers the right of way between Vivian Park and Bridal Veil Falls is that lease which is most objectionable. It is only for a one year period, renewable each year on a year-to-year basis with the stipulation clause as in lease # 2 concerning the 60 day termination notice. The amount is \$690.00 per year.

A careful study of the leases showed that the money in total was acceptable, and the formula concerning the salvageable value of the line was also agreeable, but the formula should apply both ways, as to what improvements we put into the line. The 60 day cancellation clause was not acceptable. This needed to be spelled out more specifically. With a 60 day cancellation clause on the lower sections of the line between Wallburg and Bridal Veil Falls, it is impossible to justify a long term development program of investment on track improvements and terminal facility construction.

In hopes of ending this battle with the State Road, Lowe has written a letter to Gordon Harmston, who has a private audience with the Governor on Monday. If this doesn't get results the Company should appeal to groups such as Chambers in various cities such as Salt Lake City and Provo and other civic groups to enlist their support.

It was decided that if the Company cannot get an acceptable lease on the land between Bridal Veil Falls and Vivian Park, then terminal facilities should be built at Vivian Park, as it is the operational thing to do. In the event that the leases cannot be resolved, the Company should sign the first lease on that portion of the track from Heber City to Wallburg for a period of 25 years, plus additional options if possible, if the State will allow the Company to sign only one lease without signing the other two.

The winter operations of the Company were discussed in terms of things needed to be done and the money available. There are three engines in Stockton, California which the Company has partially committed to move for the Foundation. They will be an expense which the Company cannot afford at this time. However, these engines represent railroading history and are engines of types which the Company does not have.

The Jordan Spreader, which is at Kennecott will cost between \$350.00 and \$400.00

to have moved into the Valley. This is an important piece of equipment as it cleans, plows, helps in re-railing, with slide conditions, and will also aid in making ditches.

Dennis Spendlove reported on the work program. There is a lot of work to be done on the #35 before beginning operations in the spring. With steam engines, it is necessary to keep them in peak condition. Also, the # 618 needs to be converted to an oil burning engine, but this as well as the work necessary on the # 35 will require some type of engine house structure to complete the repairs during the winter.

A three bay drop pit engine house with a minimum of concrete would cost about \$20,000.00 according to Wes Budd, while a temporary engine house with a board structure, covered with visqueen would cost \$400.00 to \$500.00.

Del Wallengren reported on his trip to Omaha to look at the dining cars which are for sale. Del and Lowe have purchased a business car # 202. They will have the car moved here and it will be used by the Wasatch Mt. Railway, but owned by them. With the railroad companies in the United States curtailing passenger service, there are many types and numbers of cars on the market. These are available on a one time basis, in that any cars that are not purchased will be scraped. Del is willing to personally put money on an option basis to purchase dining cars from Milford, Utah where the U.P. is storing their passenger equipment. This dining car concept could open up an entirely new realm of possibility for the Company. With a diner on every train, plus a lunch counter, the Company would have an added source of revenue, plus this would entice the people to make a return to ride the "Heber Creeper" for dinner as well as the ride.

This dining car concept would not be dependent upon a steam engine. The evening dinner run could be made with two seatings, each having a capacity of 80 people. A diesel electric engine could be acceptable for this, as well as use on work trains, yard switch engine and as a standby engine. If the engines in California could possibly be traded for a diesel electric engine or any other piece of needed equipment, this would be most desirable.

The Board of Directors thought it important that the Company not close down completely during the winter, but that such work as engine repair and ect. be started. This would mean that the Company would have to get additional money. The Turner property, which was thought could be sold, has presented many problems. Therefore, Lowe proposes not to sell the land, but to lease it to Turner Building Supply. There is also some question is mortgaging the land to raise money is desired. Lowe Ashton owns the land, and the Wasatch Mountain Railway Co. owns the structures. This will have to be worked out with Mr. James Smedley, the attorney on the Turner matter.

To raise the needed money the Company has three choices:

- 1). Borrow money at high risk from a financial institution
- 2). Ask the Board of Directors to loan the Company additional money or increase their stock
- 3). Sell limited partnerships. This method is attractive to wealthy individuals for income tax purposes. The Company enters into a partnership with another individual.

Gordon Mendenhall made the following motion:

That the Company maintain a skeleton force and seek the best financial help possible in order to obtain \$40,000.00, such as limited partnerships, short term borrowed money or additional stock subscriptions or any combination of the above and that as a minimum a lease be consummated from Heber City to Wallburg.

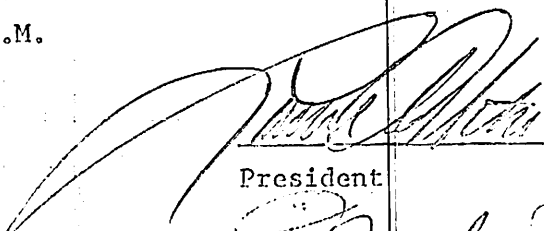
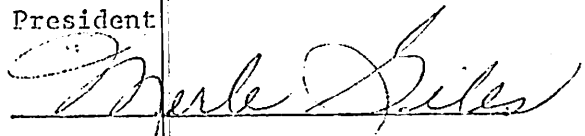
Further resolved: That the Company pay 1/2 of the Health and Accident and Life Insurance on the full time employees, the other 1/2 being deducted from the paycheck.

The motion was seconded by Del Wallengren. This was unanimously adopted.

\* It has been determined in counsel with the State Park that the \$2777.00 figure represents interest on the money that the State Park owes for the land between Heber City and Wallburg, not market value of scrap, which is more reasonable. We have also agreed that this \$2777.00 is a minimum payment each year, but if we have an excess credit because of excess right of way improvements, then this credit is carried forward, and could apply to coming years in which track improvements might be light.

\*\*\* Additional conferences with Gordon Harmston and Harold Tippetts indicates as soon as all clauses in the lease from Heber City to Wallburg are acceptable to both the State Park and the Railroad, it can be signed. It will have no bearing on the acceptability of the other two.

The meeting adjourned at 4:00 P.M.

  
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President  
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Merle Giles